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## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

DDI-2467-82  
29 March 1982

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM:   
Acting National Intelligence Officer for  
Western Europe

SUBJECT: Monthly Warning Assessment: Western Europe

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West Germany: SPD Congress

1. Chancellor Schmidt will probably successfully resist challenges to his control of the Social Democrats at the 19-23 April party congress. This will dispel neither the gloom surrounding the party nor the increasing doubts that the governing SPD-FDP coalition can survive until the 1984 elections. Most observers believe that the congress will approve the resolution on INF proposed by the SPD's executive committee and that the leadership will be able to beat back less favorable resolutions and/or amendments--including calls for a moratorium on INF deployment. Demonstrations by Young Socialists and a vigorous questioning by the SPD left of the party's official security positions, however, may well leave a strong public impression of disarray. This impression will come also from strong challenges to the leadership on nuclear power and economic (counter-unemployment) issues. Thus, erosion of SPD credibility is likely to continue. But only in the unlikely event that Schmidt capitulates to the party's left wing on the major congress issues would the FDP be encouraged to accelerate significantly preparations for leaving the government.

Western Europe-US: Credit Restraint Toward USSR

2. The Europeans agree on the need to end competition in subsidizing credits to the Soviet Union, and none has ruled out restricting such credits, but any agreement on the form and substance of a multilateral policy will

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clearly take time. The prospect of continued disagreement at the June summits in Versailles and Bonn will add to pressures for consultations and negotiations during the next two months, but the June meetings may also come to be seen by the Europeans as necessary in order to clarify long-term US goals in restricting credits. Both the Germans and the British--respectively, the Europeans least and most interested in principle in the credit exercise--have already stressed that goals should be examined and evaluated before action is taken. For the British these goals pointedly include the need to differentiate between the USSR and Eastern Europe but also to maintain political and economic evolution favorable to the West in both. A debate over such questions would of course amount to arguing the continued value and relevance of detente. At a minimum the Europeans may seek "further study" of the effects of credit restrictions on the Soviet military build-up in order to probe the premises--beyond the desirability of financial prudence--for the measures being proposed by the US.

#### Western Europe and Central America

3. Most West Europeans will continue to advocate mediation in order to stabilize the situation and de-emphasize the East-West aspects. While lacking a precise concept for a mediation effort, they generally support the Lopez Portillo plan as a first step in the right direction.

4. The West European members of the Socialist International are increasingly disenchanted with the Sandinistas, and are likely to issue a sterner warning to the regime than before at the Bonn SI meeting on 1-2 April. West European socialists nevertheless think that the Nicaraguan government might pursue a more moderate internal as well as external course if a negotiated regional peace seemed possible.

5. The greater the influence of the right in El Salvador following the elections, the greater the temptation for European conservative and Christian Democratic parties to disengage from supporting the Salvadoran government and for European socialists to back the opposition more openly. If the Salvadoran Christian Democrats seem after the elections to be a credible governing force, most West Europeans would continue to call for negotiations but would take a more positive attitude toward the government.

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